

Congress of the United States
Washington, DC 20515

350

May 5, 2016

The Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairman Wheeler,

The Federal Communications Commission's recently proposed rules on the Competitive Availability of Navigation Devices, if adopted, will jeopardize the incredible evolution of video distribution services enabled by generally reasonable regulation. Imposing new, onerous regulations on pay-TV providers would produce very few benefits for consumers, while potentially harming the viability of these providers. The particular obligations being considered by the FCC are all the more troubling because they would mandate compliance with technical standards that do not yet exist, injecting even greater uncertainty into the marketplace. In particular, we are concerned the proposal threatens the economic welfare of small pay-TV companies providing both vital communications services to rural areas and competitive alternatives to consumers in urban markets. These providers are often at the forefront of innovation, allowing consumers to access programming through an array of devices. The FCC must take care to ensure their proposal, which is intended to lower costs for consumers and provide more competitive choices, does not inadvertently lead to higher prices and less consumer choice, as government mandates often do.

Consumers today enjoy unprecedented access to some of the highest-quality television programming ever produced, which they can watch anytime, anywhere, on a wide variety of devices. Given this proliferation of consumer choice, it is concerning the Commission continues to consider a proposal that will place significant technical and competitive burdens on pay-TV providers operating in an increasingly competitive environment, particularly small providers who serve as the communications backbone of their communities. Small pay-TV providers face enormous market pressures and regulatory burdens which threaten their ability to offer video services. While we appreciate the FCC's willingness to take small video providers into account during ongoing negotiations, it is unclear what purpose the new rules would serve in this era of unprecedented consumer choice. Further, the broad ranging disruption that adoption of this proposal would create throughout the video marketplace would result in direct harm to smaller providers, even if they are granted a permanent exemption from the rules.

We acknowledge your efforts to support a competitive environment for video competition, but see few if any benefits to the public at large. This proceeding has great potential to disrupt the vibrant and ever-evolving market for video distribution services, and in particular to harm small pay-TV providers and their customers. We strongly urge you to press pause on the set-top box proceeding and reconsider the proposed rules, including the impacts they would have on small businesses and consumers alike.

Sincerely,



Kevin Cramer
Member of Congress



Kurt Schrader
Member of Congress



Bob Latta
Member of Congress



Collin Peterson
Member of Congress



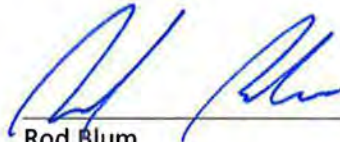
Brad Ashford
Member of Congress



Gus M. Bilirakis
Member of Congress



Marsha Blackburn
Member of Congress



Rod Blum
Member of Congress



Mike Bost
Member of Congress



Larry Bucshon
Member of Congress



Buddy Carter
Member of Congress



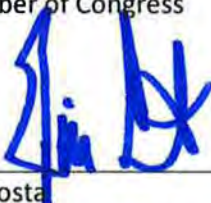
Mike Coffman
Member of Congress



Tom Cole
Member of Congress



Chris Collins
Member of Congress



Jim Costa
Member of Congress



Steve Stivers
Member of Congress



Rick Crawford
Member of Congress



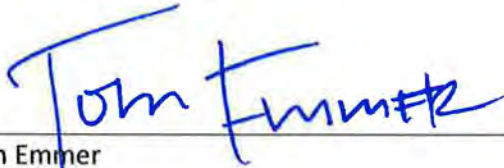
Scott DesJarlais
Member of Congress



Jeff Duncan
Member of Congress



Renee Ellmers
Member of Congress



Tom Emmer
Member of Congress



Stephen Fincher
Member of Congress



Bob Gibbs
Member of Congress



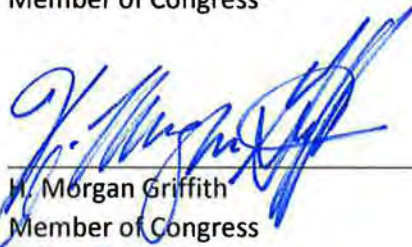
Paul Gosar
Member of Congress



Scott Tipton
Member of Congress



Sam Graves
Member of Congress



H. Morgan Griffith
Member of Congress




Glenn Grothman
Member of Congress



Frank C. Guinta
Member of Congress



Brett Guthrie
Member of Congress



Richard Hudson
Member of Congress



Tim Huelskamp
Member of Congress



Will Hurd
Member of Congress



Lynn Jenkins
Member of Congress



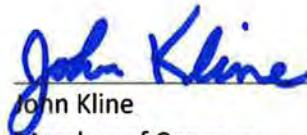
Bill Johnson
Member of Congress



Adam Kinzinger
Member of Congress



Ann Kirkpatrick
Member of Congress



John Kline
Member of Congress



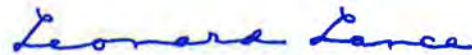
Doug LaMalfa
Member of Congress



Doug Lamborn
Member of Congress



Lamar Smith
Member of Congress



Leonard Lance
Member of Congress



Billy Long
Member of Congress



Frank Lucas
Member of Congress



Kristi Noem
Member of Congress



Rick Nolan
Member of Congress



Pete Olson
Member of Congress



Steve Pearce
Member of Congress



Mike Pompeo
Member of Congress



Jim Renacci
Member of Congress



David Rouzer
Member of Congress



Steve Russell
Member of Congress



John Shimkus
Member of Congress



Kyrsten Sinema
Member of Congress



Jason Smith
Member of Congress



Jackie Walorski
Member of Congress



Tim Walz
Member of Congress



Steve Womack
Member of Congress



David Young
Member of Congress



Ryan Zinke
Member of Congress



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

July 11, 2016

The Honorable Brad Ashford
U.S. House of Representatives
107 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Ashford:

Thank you very much for your letter sharing your views about how the Commission's proceeding for better fostering competition in the set-top box and navigation app marketplace might impact small pay-TV providers. I take your input on this issue seriously and assure you that it will receive careful consideration.

Section 629 of the Communications Act, adopted by Congress in 1996, requires the Commission to promote competition in the market for devices that consumers use to access their pay-television content. Yet, unfortunately, the statutory mandate in section 629 is not yet fulfilled. The lack of competition in this market has meant few choices and high prices for consumers. In a recent Rasmussen Report Study, 84 percent of consumers felt their cable bill was too high. One of the main contributing factors to these high prices is the no-option, add-on fee for set-top box rental that is included on every bill, forcing consumers to spend, on average, \$231 in rental fees annually. Even worse, a recent congressional investigation found that the price of most equipment fees is determined by what the market will bear, and not the actual cost of the equipment.¹ With the lack of competition in this market, it should come as little surprise that fees for set-top boxes continue to rise.² Clearly, consumers deserve better.

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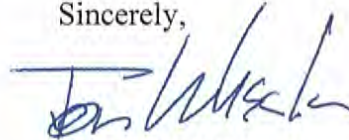
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I share your goal of ensuring that pay-TV subscribers in all parts of our country can enjoy the benefits of consumer choice without unduly burdening small providers of pay-TV. Recognizing the important role that small pay-TV providers play in many rural communities, the Notice of Proposed Rulemaking (NPRM) adopted in February seeks comment how this proceeding could affect these providers. Notably, the NPRM proposes to exempt all analog cable systems from new requirements while also seeking comment on the American Cable Association's proposal to exempt all pay-TV providers serving one million or fewer subscribers from any rules. The NPRM further asks how the Commission can ensure that any rules adopted are not overly burdensome to pay-TV providers. We are continuing to engage with all stakeholders on this issue, including small pay-TV providers. Customers of providers of all sizes deserve choice and innovation, and I am confident that we will be able to find a balance that accurately reflects the technology and resources available to truly small providers.

The record we are developing will help us avoid overburdening small pay-TV providers while delivering all American consumers meaningful choice. Thank you for your engagement in this proceeding, and I look forward to continuing to work with you on this important consumer issue.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", with a stylized flourish at the end.

Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

July 11, 2016

The Honorable Gus Bilirakis
U.S. House of Representatives
2112 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Bilirakis:

Thank you very much for your letter sharing your views about how the Commission's proceeding for better fostering competition in the set-top box and navigation app marketplace might impact small pay-TV providers. I take your input on this issue seriously and assure you that it will receive careful consideration.

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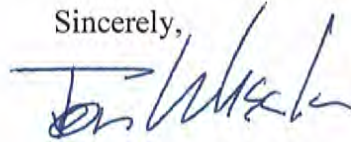
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Sincerely,

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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

July 11, 2016

The Honorable Marsha Blackburn
U.S. House of Representatives
2266 Rayburn House Office Building
Washington, D.C. 20515

Dear Congresswoman Blackburn:

Thank you very much for your letter sharing your views about how the Commission's proceeding for better fostering competition in the set-top box and navigation app marketplace might impact small pay-TV providers. I take your input on this issue seriously and assure you that it will receive careful consideration.

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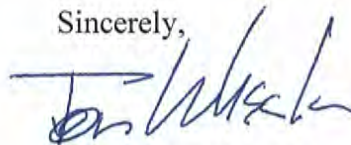
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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

July 11, 2016

The Honorable Rod Blum
U.S. House of Representatives
213 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Blum:

Thank you very much for your letter sharing your views about how the Commission's proceeding for better fostering competition in the set-top box and navigation app marketplace might impact small pay-TV providers. I take your input on this issue seriously and assure you that it will receive careful consideration.

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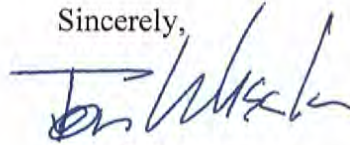
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Sincerely,

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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

July 11, 2016

The Honorable Mike Bost
U.S. House of Representatives
1440 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Bost:

Thank you very much for your letter sharing your views about how the Commission's proceeding for better fostering competition in the set-top box and navigation app marketplace might impact small pay-TV providers. I take your input on this issue seriously and assure you that it will receive careful consideration.

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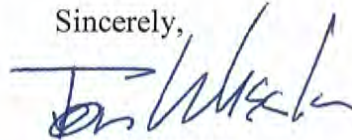
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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

July 11, 2016

The Honorable Larry Bucshon
U.S. House of Representatives
1005 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Bucshon:

Thank you very much for your letter sharing your views about how the Commission's proceeding for better fostering competition in the set-top box and navigation app marketplace might impact small pay-TV providers. I take your input on this issue seriously and assure you that it will receive careful consideration.

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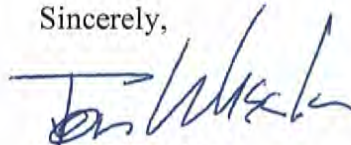
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July 11, 2016

The Honorable Earl L. Carter
U.S. House of Representatives
432 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Carter:

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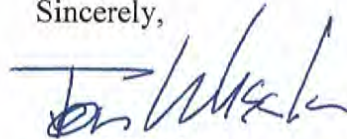
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Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", with a stylized, cursive script.

Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

July 11, 2016

The Honorable Mike Coffman
U.S. House of Representatives
2443 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Coffman:

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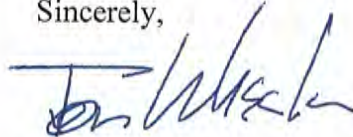
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Sincerely,

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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

July 11, 2016

The Honorable Tom Cole
U.S. House of Representatives
2467 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Cole:

Thank you very much for your letter sharing your views about how the Commission's proceeding for better fostering competition in the set-top box and navigation app marketplace might impact small pay-TV providers. I take your input on this issue seriously and assure you that it will receive careful consideration.

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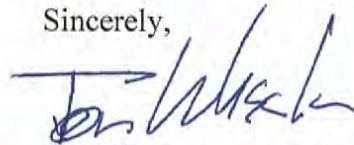
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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

July 11, 2016

The Honorable Chris Collins
U.S. House of Representatives
1117 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Collins:

Thank you very much for your letter sharing your views about how the Commission's proceeding for better fostering competition in the set-top box and navigation app marketplace might impact small pay-TV providers. I take your input on this issue seriously and assure you that it will receive careful consideration.

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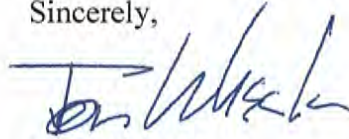
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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

July 11, 2016

The Honorable Jim Costa
U.S. House of Representatives
1314 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Costa:

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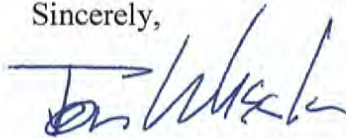
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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

July 11, 2016

The Honorable Rick Crawford
U.S. House of Representatives
1711 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Crawford:

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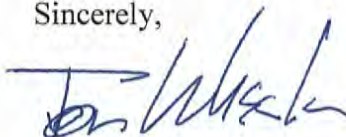
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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

July 11, 2016

The Honorable Kevin Cramer
U.S. House of Representatives
1032 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Cramer:

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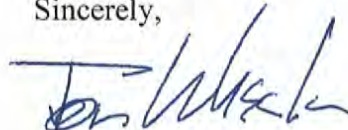
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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

July 11, 2016

The Honorable Scott DesJarlais
U.S. House of Representatives
413 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman DesJarlais:

Thank you very much for your letter sharing your views about how the Commission's proceeding for better fostering competition in the set-top box and navigation app marketplace might impact small pay-TV providers. I take your input on this issue seriously and assure you that it will receive careful consideration.

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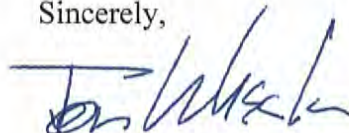
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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
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July 11, 2016

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U.S. House of Representatives
106 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Duncan:

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Section 629 of the Communications Act, adopted by Congress in 1996, requires the Commission to promote competition in the market for devices that consumers use to access their pay-television content. Yet, unfortunately, the statutory mandate in section 629 is not yet fulfilled. The lack of competition in this market has meant few choices and high prices for consumers. In a recent Rasmussen Report Study, 84 percent of consumers felt their cable bill was too high. One of the main contributing factors to these high prices is the no-option, add-on fee for set-top box rental that is included on every bill, forcing consumers to spend, on average, \$231 in rental fees annually. Even worse, a recent congressional investigation found that the price of most equipment fees is determined by what the market will bear, and not the actual cost of the equipment.¹ With the lack of competition in this market, it should come as little surprise that fees for set-top boxes continue to rise.² Clearly, consumers deserve better.

This February the Commission put out for public comment a proposal that would fulfill the statutory requirement of competitive choice for consumers. This action opened a fact-finding dialog to build a record upon which to base any final decisions. Our record already contains more than 280,000 filings, the overwhelming majority of which come from individual consumers. FCC staff is actively engaged in constructive conversations with all stakeholders—content creators, minority and independent programmers, public interest and consumer groups, device manufacturers and app developers, software security developers, and pay-TV providers of all sizes—on how to ensure that consumers have the competition and choice they deserve. I am hopeful that these discussions will yield straight-forward, feasible and effective rules for all.

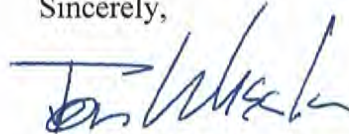
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The record we are developing will help us avoid overburdening small pay-TV providers while delivering all American consumers meaningful choice. Thank you for your engagement in this proceeding, and I look forward to continuing to work with you on this important consumer issue.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", with a stylized, flowing script.

Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

July 11, 2016

The Honorable Renee Ellmers
U.S. House of Representatives
1210 Longworth House Office Building
Washington, D.C. 20515

Dear Congresswoman Ellmers:

Thank you very much for your letter sharing your views about how the Commission's proceeding for better fostering competition in the set-top box and navigation app marketplace might impact small pay-TV providers. I take your input on this issue seriously and assure you that it will receive careful consideration.

Section 629 of the Communications Act, adopted by Congress in 1996, requires the Commission to promote competition in the market for devices that consumers use to access their pay-television content. Yet, unfortunately, the statutory mandate in section 629 is not yet fulfilled. The lack of competition in this market has meant few choices and high prices for consumers. In a recent Rasmussen Report Study, 84 percent of consumers felt their cable bill was too high. One of the main contributing factors to these high prices is the no-option, add-on fee for set-top box rental that is included on every bill, forcing consumers to spend, on average, \$231 in rental fees annually. Even worse, a recent congressional investigation found that the price of most equipment fees is determined by what the market will bear, and not the actual cost of the equipment.¹ With the lack of competition in this market, it should come as little surprise that fees for set-top boxes continue to rise.² Clearly, consumers deserve better.

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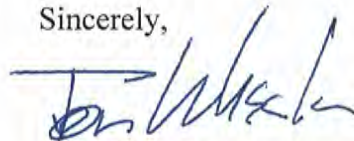
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The record we are developing will help us avoid overburdening small pay-TV providers while delivering all American consumers meaningful choice. Thank you for your engagement in this proceeding, and I look forward to continuing to work with you on this important consumer issue.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", with a stylized, cursive script.

Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

July 11, 2016

The Honorable Tom Emmer
U.S. House of Representatives
503 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Emmer:

Thank you very much for your letter sharing your views about how the Commission's proceeding for better fostering competition in the set-top box and navigation app marketplace might impact small pay-TV providers. I take your input on this issue seriously and assure you that it will receive careful consideration.

Section 629 of the Communications Act, adopted by Congress in 1996, requires the Commission to promote competition in the market for devices that consumers use to access their pay-television content. Yet, unfortunately, the statutory mandate in section 629 is not yet fulfilled. The lack of competition in this market has meant few choices and high prices for consumers. In a recent Rasmussen Report Study, 84 percent of consumers felt their cable bill was too high. One of the main contributing factors to these high prices is the no-option, add-on fee for set-top box rental that is included on every bill, forcing consumers to spend, on average, \$231 in rental fees annually. Even worse, a recent congressional investigation found that the price of most equipment fees is determined by what the market will bear, and not the actual cost of the equipment.¹ With the lack of competition in this market, it should come as little surprise that fees for set-top boxes continue to rise.² Clearly, consumers deserve better.

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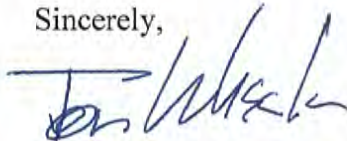
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Sincerely,

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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

July 11, 2016

The Honorable Stephen Fincher
U.S. House of Representatives
2452 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Fincher:

Thank you very much for your letter sharing your views about how the Commission's proceeding for better fostering competition in the set-top box and navigation app marketplace might impact small pay-TV providers. I take your input on this issue seriously and assure you that it will receive careful consideration.

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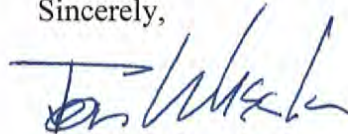
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Sincerely,

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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

July 11, 2016

The Honorable Bob Gibbs
U.S. House of Representatives
329 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Gibbs:

Thank you very much for your letter sharing your views about how the Commission's proceeding for better fostering competition in the set-top box and navigation app marketplace might impact small pay-TV providers. I take your input on this issue seriously and assure you that it will receive careful consideration.

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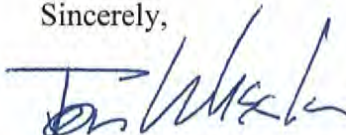
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Sincerely,

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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

July 11, 2016

The Honorable Paul Gosar
U.S. House of Representatives
504 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Gosar:

Thank you very much for your letter sharing your views about how the Commission's proceeding for better fostering competition in the set-top box and navigation app marketplace might impact small pay-TV providers. I take your input on this issue seriously and assure you that it will receive careful consideration.

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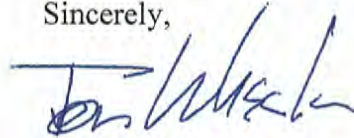
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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

July 11, 2016

The Honorable Sam Graves
U.S. House of Representatives
1415 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Graves:

Thank you very much for your letter sharing your views about how the Commission's proceeding for better fostering competition in the set-top box and navigation app marketplace might impact small pay-TV providers. I take your input on this issue seriously and assure you that it will receive careful consideration.

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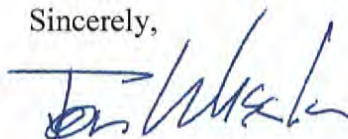
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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

July 11, 2016

The Honorable Morgan Griffith
U.S. House of Representatives
1108 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Griffith:

Thank you very much for your letter sharing your views about how the Commission's proceeding for better fostering competition in the set-top box and navigation app marketplace might impact small pay-TV providers. I take your input on this issue seriously and assure you that it will receive careful consideration.

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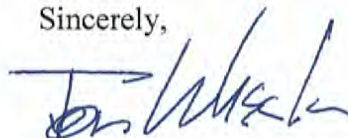
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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

July 11, 2016

The Honorable Glenn Grothman
U.S. House of Representatives
501 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Grothman:

Thank you very much for your letter sharing your views about how the Commission's proceeding for better fostering competition in the set-top box and navigation app marketplace might impact small pay-TV providers. I take your input on this issue seriously and assure you that it will receive careful consideration.

Section 629 of the Communications Act, adopted by Congress in 1996, requires the Commission to promote competition in the market for devices that consumers use to access their pay-television content. Yet, unfortunately, the statutory mandate in section 629 is not yet fulfilled. The lack of competition in this market has meant few choices and high prices for consumers. In a recent Rasmussen Report Study, 84 percent of consumers felt their cable bill was too high. One of the main contributing factors to these high prices is the no-option, add-on fee for set-top box rental that is included on every bill, forcing consumers to spend, on average, \$231 in rental fees annually. Even worse, a recent congressional investigation found that the price of most equipment fees is determined by what the market will bear, and not the actual cost of the equipment.¹ With the lack of competition in this market, it should come as little surprise that fees for set-top boxes continue to rise.² Clearly, consumers deserve better.

This February the Commission put out for public comment a proposal that would fulfill the statutory requirement of competitive choice for consumers. This action opened a fact-finding dialog to build a record upon which to base any final decisions. Our record already contains more than 280,000 filings, the overwhelming majority of which come from individual consumers. FCC staff is actively engaged in constructive conversations with all stakeholders—content creators, minority and independent programmers, public interest and consumer groups, device manufacturers and app developers, software security developers, and pay-TV providers of all sizes—on how to ensure that consumers have the competition and choice they deserve. I am hopeful that these discussions will yield straight-forward, feasible and effective rules for all.

¹ U.S. SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS, COMMITTEE ON HOMELAND SECURITY AND GOVERNMENT AFFAIRS COMMITTEE, MINORITY STAFF REPORT, INSIDE THE BOX: CUSTOMER SERVICE AND BILLING PRACTICES IN THE CABLE AND SATELLITE INDUSTRY, 17 (Jun. 23, 2016).

² One recent analysis found that the cost of cable set-top boxes has risen 185 percent since 1994 while the cost of computers, television and mobile phones has dropped by 90 percent during that same time period.